

WASHINGTON – The U.S. House of Representatives today overwhelmingly approved legislation to reauthorize and significantly reform the National Flood Insurance Program (NFIP). The reforms included in the legislation will ensure the continued economic viability of the NFIP by eliminating unnecessary federal subsidies, and facilitate private sector participation in the flood insurance market. H.R. 1309 was approved by a vote of 406 to 22.

Congressman Spencer Bachus (AL-6), Chairman of the House Financial Services Committee , “This reform bill protects taxpayers by eliminating Federal subsidies and reducing the program’s need to borrow additional funds from the Treasury. It also helps bring certainty to the housing market by ensuring potential home buyers can obtain flood insurance they need to get financing to purchase their home. Chairman Biggert is to be commended for leading our efforts to improve the financial health of the NFIP and ensure taxpayers are not on the hook for future losses.”

The bill was introduced by Insurance, Housing and Community Opportunity Subcommittee Chairman Judy Biggert in April and passed the Financial Services Committee on May 12. It provides for a five-year reauthorization of the NFIP, which is set to expire at the end of September. Reforms included in H.R. 1309 will generate an additional \$4.2 billion of revenues over the next 10 years to help shore up the program, according to the Congressional Budget Office. Subcommittee Chairman Judy Biggert said, “Homeowners and communities that rely on the NFIP are the clearest winners in today’s vote, but with these reforms, the taxpayers also will finally get the protection they deserve. We worked with Members of Congress and stakeholders from every corner of the country to craft this bill, and I’m pleased that its bipartisan passage reflects our collaborative approach. As the first significant reform to the program in nearly a decade, this bill will phase-out taxpayer-subsidized rates and restore the integrity of the flood mapping system. It also eliminates barriers to the development of a private flood insurance market, and helps take taxpayers out of the risk business. The NFIP is too important to let lapse, and too in debt to continue without reform. I urge my colleagues in the Senate to speed this legislation to the President’s desk.” Since 2008, Congress has passed 10 short-term extensions of the NFIP and allowed its authorization to lapse four times. The National Association of Realtors estimates that during the June 2010 lapse alone, as many as 1,400 real estate transactions per day were delayed because of program uncertainty. The National Flood Insurance Act of 1968 established the NFIP as an alternative to providing direct assistance after floods. Prior to that time, insurance companies generally did not offer coverage for flood disasters. During consideration of H.R. 1309, Chairman Bachus offered two amendments that were approved by the House:

- One amendment would help ease the burden of communities that have recently been

designated as a “Special Flood Hazard Area.” Under existing law, communities in these Special Flood Hazard Areas are subject the NFIP’s mandatory purchase of flood insurance requirement. The Bachus amendment gives FEMA the discretion to extend the deadline for up to five years for these communities, if they meet one of the following conditions: the community has never before been designated as a Special Flood Hazard Area, the community has a dam or a levee that was decertified by the U.S. Army Corps of Engineers and that is currently being improved or reconstructed, or the community is appealing its Special Flood Hazard Area designation.

- A second amendment requires FEMA to reduce the number of flood insurance policies it directly manages. The result will be increased consumer choice and competition, and it will prevent the federal government from exponentially expanding its role in disaster insurance.

To view floor clip of Congressman Bachus, [click here](#) .